

THE MOST OVERLOOKED ITEMS WHEN COMPLETING AN APPLICATION FOR A BROKER-DEALER CERTIFICATE

To enable us to efficiently process your application and issue your certificate in a timely manner, please submit the application to our Sacramento office and ensure that the following items have been provided:

If the applicant is a member in good standing with a self-regulatory organization (NASD, NYSE, AMEX or PSE) and has not had any certificate as a broker-dealer, investment adviser or agent denied or revoked by the State of California, the applicant may file an "Application by Notification."

1. An Application by Notification with all items completed. The date of notice (Item 1) should be on or after the date of approval by a self-regulatory organization. The application must contain an original signature (Item 10).
2. A clearly legible copy of Form BD: Page 1, Item 2 of Page 2, Item 10 of Page 5 and Schedule A, and if applicable, Schedules B, C, D, DRP and E. If any subsection in Item 7 is yes, the appropriate Schedule DRP(s) should be submitted. If the applicant provides investment advisory services (Item 10S of Form BD), refer to Item 11 on Page 2.
3. A check of \$300 for the application fee should be remitted directly to this Department.
4. A Consent to Service of Process or Form U-2. The form must contain original signature and notary certification. This form is required for every applicant other than a California corporation or California limited liability company.
5. A Customer Authorization of Disclosure of Financial Records. This form must contain original signature with the date and place (city and state) of execution completed.
6. A Statement of Citizenship, Alienage, and Immigration Status form for individuals applying as a sole proprietorship. Any documentation (e.g. birth certificate, passport) submitted with the form should be a copy. PLEASE DO NOT SUBMIT ORIGINAL DOCUMENTATION (e.g. birth certificate, passport.)

If the applicant is not a member in good standing with a self-regulatory organization (NASD, NYSE, AMEX or PSE) or has had any certificate as a broker-dealer, investment adviser or agent denied or revoked by the State of California, the applicant may not file an "Application by Notification" and must file by long form. The long form application includes Items 3, 4, 5 and 6 above and the following:

7. A clearly eligible copy of Form BD with items 7F and 7G modified to include the phrase "other than a pending proceeding involving an arrest of such person?" If the applicant provides investment advisory services (Item 10S of Form BD), refer to Item 11 on Page 2.
8. Articles of Incorporation, Articles of Organization or Partnership Agreement depending upon form of applicant's organization.
9. Financial statements and computations of net capital. The financial statements should not be dated earlier than 45 days prior to filing the application.
10. The name of the applicant's workers compensation insurance carrier. If the applicant is not required to have workers compensation insurance, please state the reason.

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11. INVESTMENT ADVISORY SERVICES

- (a) If the applicant intends to provide investment advisory services for which it receives special compensation, is not registered with the Securities and Exchange Commission ("SEC") as an investment adviser, and proposes to rely upon the exemption in Corporations Code Section 25205, a copy of Part II of the Form ADV and a list on company letterhead identifying each investment adviser representative ("IAR") and associated person ("AP"), as defined in Section 25009.5(a) should be provided. This list should include each individual's complete name, CRD number, and place of business. The firm should make an affirmative statement that all IARs and APs included on that list meet the qualification requirements set forth in California Code of Regulations, 10 CCR 260.236. In addition, there is a \$25.00 reporting fee for each IAR and AP.
- (b) If the applicant intends to provide investment advisory services for which it receives special compensation and is registered with the SEC as an investment adviser, the exemption in Corporations Code Section 25205 is not available. If the applicant is an SEC registered investment adviser, the applicant must submit a notification filing fee of \$125.00, a copy of the order granting SEC registration, the complete Form ADV with an original execution page (page 1), a Consent to Service of Process or Form U-2, a list identifying each investment adviser representative, as defined in SEC Rule 203A-3, with a place of business in California. The list provided should be in the same format as described in Item 11(a) above. In addition, there is a \$25.00 reporting fee for each IAR.
- (c) If the applicant provides investment advisory services for which it receives special compensation but does not intend to provide these services to California residents, written representation should be made that the applicant does not intend to provide investment advisory services to California residents. However, if the applicant elects to provide investment advisory services in the future and is registered with the Securities and Exchange Commission ("SEC") as an investment adviser, it will be necessary for the applicant to take the steps as outlined in Item 11(b) above. If the applicant is not registered with the SEC as an investment adviser, the applicant should take the steps as outlined in Item